

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
FTX TRADING LTD., <i>et al.</i> , ¹)	Case No. 22-11068 (JTD)
Debtor.)	(Joint Administration Requested)
)	

**JOINDER OF THE TEXAS STATE SECURITIES BOARD AND TEXAS DEPARTMENT
OF BANKING TO THE MOTIONS OF THE UNITED STATES TRUSTEE, STATE OF
WISCONSIN, AND VERMONT DEPARTMENT OF FINANCIAL REGULATION
FOR ENTRY OF AN ORDER DIRECTING THE APPOINTMENT OF AN EXAMINER**

The Texas State Securities Board and the Texas Department of Banking (“Texas”) by and through the Office of the Texas Attorney General, hereby files this Joinder (the “Joinder”) to the following motions: (a) *Motion of the United States Trustee for Entry of an Order Directing the Appointment of an Examiner* [D.E. 176]; (b) *State of Wisconsin’s Joinder to the Motion of the United States Trustee for Entry of an Order Directing the Appointment of an Examiner* [D.E. 263]; and (c) *Joinder to Motion for Entry of an Order Appointing an Examiner* [D.E. 339] (collective, the “Motions”). In support of the Joinder, Texas respectfully states as follows:²

1. The Debtors commenced chapter 11 bankruptcy proceeding in this Court on November 11, 2022 (the “Petition Date”). The Debtors allegedly have millions of creditors and assets that may be located in various parts of the world.

2. As has been widely documented and revealed by current CEO, John J. Ray, III, in the First Day Declaration and as set forth in the Motions, before and up to the Petition Date, the Debtors had many indications of upcoming serious financial issues, including the lack of accurate financial

¹ The last four digits of FTX Trading Ltd.’s tax identification number are 3288. Due to the large number of debtor entities in these Chapter 11 Cases, for which the Debtors will request joint administration, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information will be made available on a website of the Debtors’ proposed claims and noticing agent.

² Capitalized terms not otherwise defined or provided herein have the meanings ascribed to them in the Motions or D.E. 24 (the “First Day Declaration.”).

statements, failure of internal governance or controls, commingling of assets, unreliable auditing information, and absence of appropriate books and records with respect to the Debtors' assets.

3. Texas, among several other state and federal regulators, is currently investigating the Debtors and their related entities for violations in connection with their transaction of business in Texas and with Texas account holders.

4. Bankruptcy Code Section 1104(c) provides for the appointment of an examiner under appropriate circumstances. Here, due to the magnitude and history of mismanagement by the Debtors, the lack of transparency into the financial condition and assets of the Debtors, and the continued regulatory investigations that are ongoing, the appointment of an examiner with specific guidelines as to their duties is not only appropriate and in the best interest of creditors, but mandatory pursuant to section § 1104(c) as well.

5. Texas, along with other regulators, will require constant access to information and documentation in connection with its investigation, and would benefit from working with and gaining this information from a neutral third-party investigator whose focus is on investigating the Debtors as opposed to running the Debtors' business. As the estate's investigations into the Debtors are still in the early stages, such a framework will ensure an effective and orderly process that is in the best interests of the estate.

6. Attached hereto as **Exhibit A**, are letters in support of this Joinder. The following State Agencies or Attorney Generals' Offices have given permission for Texas to share their letter of support with this Court:

Alaska Division of Banking & Securities;
Arkansas Securities Department;
California Department of Financial Protection and Innovation;
Florida Office of Financial Regulation;
Hawaii Department of Commerce and Consumer Affairs;
Idaho Department of Finance;
Illinois Attorney General's Office, Revenue Litigation Bureau;
Kentucky Department of Financial Institutions;

Maine Department of Professional and Financial Regulation;
Maryland Office of the Attorney General;
New Hampshire Bureau of Securities Regulation;
New Jersey Bureau of Securities;
North Carolina Department of the Secretary of State, Securities Division;
Oklahoma Department of Securities;
Tennessee Department of Commerce & Insurance; and
Washington D.C. Department of Insurance, Securities and Banking.

7. For these reasons and those stated in the Motions, Texas joins the U.S. Trustee, the State of Wisconsin, and the Vermont Department of Financial Regulation in their Motions for an order directing the appointment of an examiner.

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Dated: February 1, 2023

Respectfully submitted,

KEN PAXTON
Attorney General of Texas

BRENT WEBSTER
First Assistant Attorney General

GRANT DORFMAN
Deputy First Assistant Attorney General

SHAWN E. COWLES
Deputy Attorney General for Civil Litigation

RACHEL R. OBALDO
Assistant Attorney General
Chief, Bankruptcy & Collections Division

/s/ Roma N. Desai

ROMA N. DESAI
Texas State Bar No. 24095553
LAYLA D. MILLIGAN
Texas State Bar No. 24026015
ABIGAIL R. RYAN
Texas State Bar No. 24035956
Office of the Attorney General of Texas
Bankruptcy & Collections Division
P. O. Box 12548 MC008
Austin, Texas 78711-2548
Telephone: (512) 463-2173
Facsimile: (512) 936-1409
roma.desai@oag.texas.gov
layla.milligan@oag.texas.gov
abigail.ryan@oag.texas.gov

ATTORNEYS FOR THE TEXAS STATE SECURITIES BOARD
AND TEXAS DEPARTMENT OF BANKING

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing has been served via the Court's Electronic Filing System on all parties requesting notice in this proceeding on February 1, 2023.

/s/ Roma N. Desai

ROMA N. DESAI

Assistant Attorney General